Stantec

Stantec Inc. 2001 Annual Report

Stantec = Infrastructure Solutions

provided through value-added professional services and technologies in planning, engineering, architecture, interior design, landscape architecture, surveying and geomatics, and project economics. In simple terms, the world of Stantec is the water we drink, the roadways we travel, the buildings we visit, and the neighborhoods we call home. Stantec supports clients at every stage, from initial concept and financial feasibility to project completion and beyond.

Stantec's services are offered through more than 3,000 employees operating out of 40 locations in North America and the Caribbean. Stantec trades on the Toronto Stock Exchange under the symbol STN.

2001 Highlights

- Awarded a US$8.5 million multiyear contract with the US Department of Transportation, Federal Highway Administration, to perform long-term pavement performance studies in 14 states and six provinces in the North Atlantic region.
- Ranked #2 on the Zweig Letter Hot Firm 2001 List—the second fastest growing firm in the US between 1997 and 2000.
- With the participation of 978 staff in a Company-wide donation program, contributed approximately US$100,000 to World Trade Center relief efforts following the tragic events of September 11.
- Completed design and services during construction for the Information and Communications Technology Building at the University of Calgary in Calgary, Alberta. The seven-story structure was chosen by *Alberta Construction Magazine* as Alberta's Top Project in 2001 for its design and execution.
- Joined the TSE 300 Composite, TSE 300 Capped, S&P/TSE Canadian SmallCap, and TSE 200 Indices—a major milestone for the Company.
- Ranked #55 on the *Engineering News Record's* 2001 listing of Top 200 International Design firms, rising from #75 in 2000 and demonstrating steady progress toward becoming one of the top 10 global design firms.
- Received the 2001 Oustanding Achievement in Civil Engineering Award, Geotechnical from the American Society of Civil Engineers for Geiger Grade Bridge in Reno, Nevada.
- Achieved an increase in gross revenue of 34 percent to $356.9 million from $265.6 million in 2000, with operating income increasing 21 percent to $30.4 million, net income increasing 37 percent to $15.4 million, and basic earnings per share increasing 18 percent to $1.84.
- Continued to fulfill growth strategy by acquiring The Spink Corporation (California); Pentacore, Inc. (Nevada); Tipton & Kalmbach, Inc. and Taggart Engineering Associates (Colorado); the ellard croft design group (Saskatchewan); and Associated Consulting Engineers Ltd. (Barbados). During the first quarter of 2002, expanded existing operations through the acquisition of Yoneda & Associates and their affiliates McCartan Gaudet & Associates (Saskatchewan), Cosburn Patterson Mather Limited (Ontario), Webster & Simmonds Surveying Ltd. (Ontario), and GKO Engineering (Alberta).
- Received an Award of Merit from the Association of Consulting Engineers of Canada for Burnaby Mountain Secondary School in Burnaby, British Columbia.
- Completed a Field Data Collection and Data Conversion of Infrastructure Assets project for the Town of Gilbert, Arizona, using Stantec's specialized decision-support software tools for infrastructure management.

Financi
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In thousands of dollars, except per share amounts and ratios	2001	2000	1999	1998	1997	1996
Gross revenue	$ 356,942	$ 265,568	$ 211,929	$ 185,511	$ 133,565	$ 119,34
Net revenue	298,772	221,263	169,908	148,943	98,458	82,00
EBITDA	37,462	30,434	21,729	17,181	12,634	11,16
Income before income taxes and goodwill charges	29,145	22,189	16,815	13,640	10,418	9,38
Income before goodwill charges	17,057	12,420	9,169	7,592	5,716	5,15
Net income	15,381	11,226	8,561	7,185	5,619	5,11
Current assets	121,267	94,183	82,734	77,068	74,740	44,25
Current liabilities	88,428	68,667	51,087	42,394	39,908	24,86
Capital assets	41,371	36,938	19,875	17,482	14,446	7,64
Long-term debt	15,652	13,893	15,013	12,272	12,173	1,88
Shareholders' equity	107,461	92,233	63,572	55,783	49,046	28,87
Gross revenue backlog	259,185	192,238	149,615	160,177	123,880	74,69
Net cash position	(7,145)	3,426	1,070	6,071	7,613	1,06
Earnings per share before goodwill charges – basic	2.04	1.73	1.28	1.05	0.93	0.8
Earnings per share before goodwill charges – diluted	1.96	1.67	1.26	1.03	0.92	0.8
Earnings per share – basic	1.84	1.56	1.20	0.99	0.91	0.8
Earning per share – diluted	1.77	1.51	1.18	0.98	0.90	0.8
Book value per share	12.76	11.07	8.92	7.75	6.78	4.8
Current ratio	1.37	1.37	1.62	1.82	1.87	1.7
Debt to equity ratio	0.30	0.22	0.37	0.17	0.11	0.0
Price earnings ratio	13.99	9.94	9.20	10.40	12.00	7.4
Weighted average number of shares outstanding	8,371,365	7,187,132	7,154,330	7,229,977	6,149,629	5,928,00
Shares outstanding	8,423,170	8,334,170	7,123,985	7,196,797	7,236,097	5,928,00
Shares traded	4,453,600	2,275,805	2,115,996	2,180,116	2,537,872	3,209,46
High	28.50	16.00	11.50	14.75	12.20	7.5
Low	14.50	10.50	9.70	9.50	6.35	4.3
Close	25.75	15.50	11.00	10.25	11.25	6.4

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Gross Revenue

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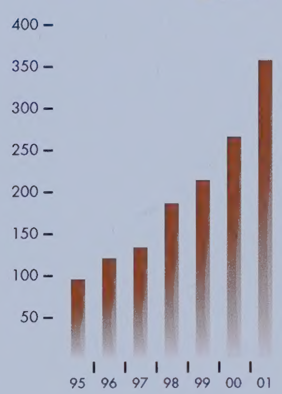
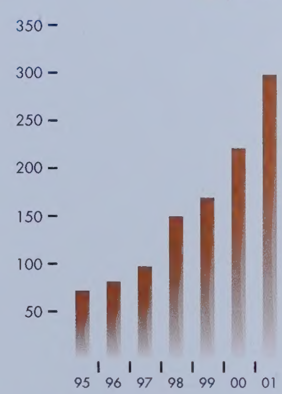


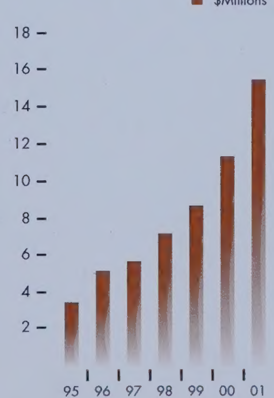
Net Revenue

$Millions



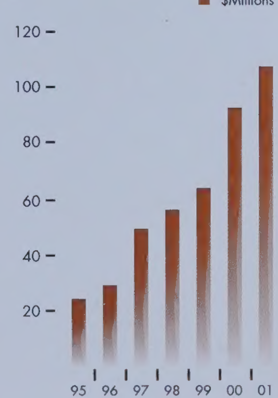
Net Income

$Millions

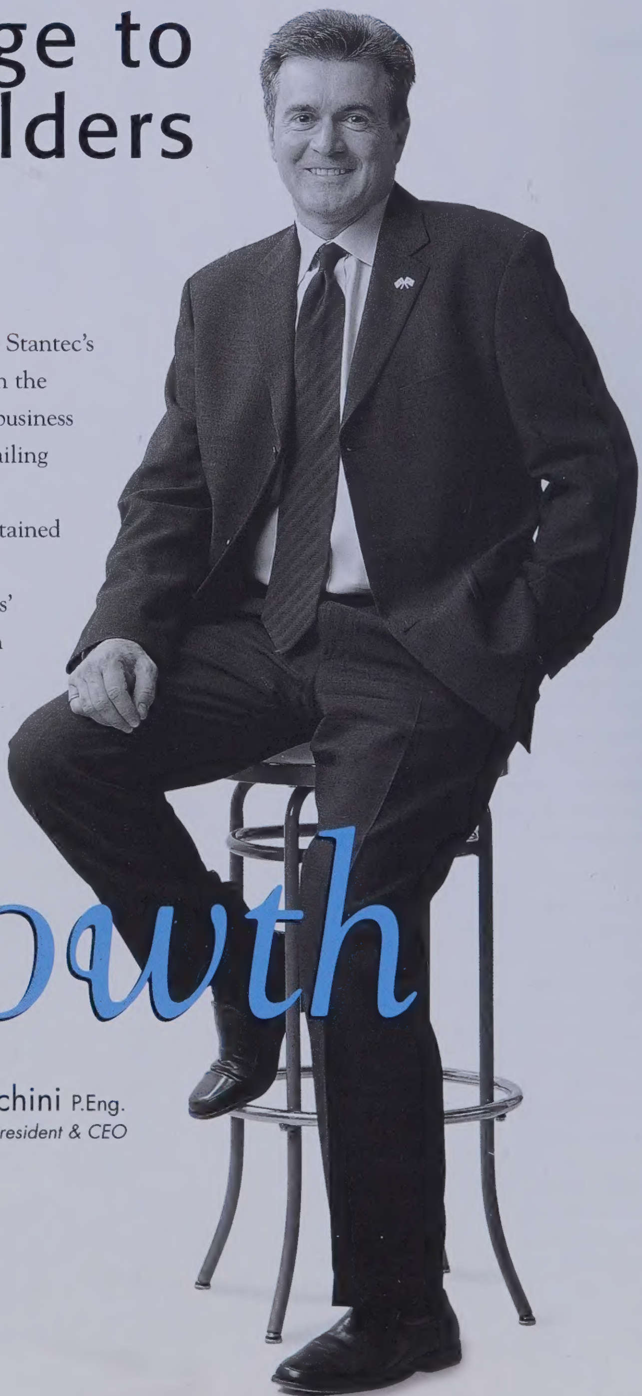


Shareholders' Equity

$Millions



Message to Shareholders



Stability, consistency, and growth describe Stantec's performance in 2001. Once again the robustness and flexibility of our business model was validated in the prevailing business environment. For 48 consecutive years, we have maintained our record of uninterrupted profitability, reflecting our clients' sustained trust and confidence in our ability to deliver solutions for their infrastructure and facilities needs.

Growth

Tony Franceschini P.Eng.
President & CEO

Stantec's performance continued to set new Company benchmarks in 2001. Record gross revenue of $356.9 million, up 34 percent from 2000; record operating income of $30.4 million, up 21 percent; record net income of $15.4 million, up 37 percent; and record basic earnings per share of $1.84, up 18 percent. This consistent performance contributed to an increase of 66 percent in shareholder value during 2001.

Stantec's consistent performance contributed to an increase of 66 percent in shareholder value during 2001.

Our success in 2001 did not come from a new strategy or venture but from continuing to focus on the excellent execution of our three key strategic drivers—geographic diversification, market segment specialization, and provision of a full range of professional services throughout a facility's lifecycle.

This focus, combined with our performance and financial strength, affords Stantec significant flexibility in our acquisitions program, and thus in 2001 we were able to take advantage of market opportunities to continue our geographic diversification through expansion in California, Nevada, Colorado, Saskatchewan, Alberta, and Barbados. In March we added The Spink Corporation in Sacramento to establish a platform for future growth in the northern California market. We also continued to strengthen and expand existing operations in Nevada (Pentacore in Las Vegas), Colorado (Tipton & Kalmbach and Taggart Engineering in Denver), and Barbados (Associated Consulting Engineers in St. Michael's). In Saskatchewan we expanded our architectural services area with the addition of the ellard croft design group. During the first quarter of 2002, we continued with strategic market segment and geographic in-filling by acquiring mechanical engineering firm Yoneda, along with its affiliates McCartan Gaudet, based in Saskatoon and Regina; Cosburn Patterson Mather, an urban land and environmental management firm based in the Greater Toronto Area; Webster & Simmonds Surveying, based in Ottawa; and, to add expertise in energy, resources, chemicals, and pharmaceuticals, GKO Engineering, based in Edmonton.

Our market segment specialization allows us to position the skills and knowledge of our people to undertake projects of any size for both public and private sector clients. In 2001 an excellent example of this strategy in the Environment market segment was the addition of an ultraviolet disinfection facility to the E. L. Smith Water Treatment Plant in Edmonton, Alberta. Stantec consultants from British Columbia and Alberta worked together in a design-build delivery approach to complete the project, which is the largest application of ultraviolet disinfection technology for drinking water in the world to date.

During the year strong project activity continued in the maintenance phase of the infrastructure lifecycle, particularly in the Transportation market segment where we secured a US$8.5 million long-term pavement performance study with the US Department of Transportation. The five-year project, which involves collaboration of Stantec staff from New York and Ontario, encompasses 14 states and six provinces in the North Atlantic region and is the third extension of a 20-year Long-Term Pavement Performance Program that began in 1988. Another example of maintenance activity, in the Buildings market segment, was the commissioning of our Facilities Management group to conduct a complete reorganization of all City of Calgary departments and building space—a total of 139,350 square metres (1.5 million square feet).

We were able to take advantage of market opportunities to continue our geographic diversification.

Our goal is to become one of the top 10 global design firms. Going forward the appropriate positioning of people and services, along with our disciplined approach to business, will ensure we maintain an orderly growth plan. There are many challenges to growth but also many opportunities. At Stantec we have worked for 48 years to manage our growth successfully. We now have the organizational structure and people to target growth markets and balance the relative strengths of local economies. Our strategic focus is to continue to expand in North America, the Caribbean, and selected international markets, where we see the potential to grow new regions and develop new markets for our services.

Our financial condition is healthy and liquid. We possess a sound financial infrastructure, with a sustainable level of debt and unused capacity in existing credit facilities. Our strong financial results, ability to execute on our strategy, and presence in the infrastructure and facilities sector enhance Stantec's value as a solid, long-term investment.

In September of 2001 we mourned the passing of our founder, Dr. Donald Stanley. Dr. Stanley was a distinguished engineer whose pioneering work in the area of environmental engineering did much to improve the quality of life of people in many parts of the world. Above all his professional contributions, his legacy is Stantec as we know it today. His good business sense and dedication to excellence have been the foundation for the Company's success. As we move forward as an organization, we will continue to uphold his standards for excellence and reputation for leadership.

Confidence, opportunity, and continued growth describe our outlook for the future. Our optimism is founded in the knowledge that we have built an organization of dedicated people who give us our competitive advantage—the ability to execute a proven strategy through a focused, sustainable business model. I am very proud of the passion, commitment, and drive for excellence that motivates our employees. I wish to extend my deepest appreciation to them for their hard work and to our Board of Directors, clients, and shareholders for their continued confidence and support.

Tony Franceschini, P.Eng.
President & CEO

Community

Stantec is a caring company. In supporting numerous initiatives with our donations of time, expertise, and funds, we strive to enhance the knowledge, prosperity, health, and quality of life of communities where we work throughout North America. We view these contributions as building blocks in establishing a solid, broadly based community infrastructure. It is in this spirit that we take pride in sharing some of our community investment activities over the past year.

In 2001 the Canadian Tire Play Park became a reality at The Hospital for Sick Children in Toronto, in part through donations of engineering services from Stantec's Mississauga Buildings group. A child-sized village, the park gives children and their siblings a chance to focus on the joys of childhood play rather than the illness and treatments surrounding hospitalization.

Driven by a strong community spirit, Stantec staff and other land development professionals in the Phoenix area embarked on an initiative to renovate the Maryvale Corporate Community Center. The makeover of the center included extensive landscaping and a presentation wall for children who spray graffiti in the neighborhood. Our Urban Land staff contributed site layout, project and construction management, plant selection, and drafting services to the project, along with their personal time and funds.

In Edmonton, Stantec's Architecture group provided complete architectural design services—as well as engineering consulting—for Compassion House, a five-bedroom home for breast cancer patients from across northern Alberta during diagnosis, treatment, and recovery.

Throughout the year successful fundraising campaigns in all Stantec locations resulted in donations to the United Way, the Leukemia Foundation, the American Cancer Society, the Muscular Dystrophy Association, the Multiple Sclerosis Society, the March of Dimes, the Heart and Stroke Foundation, the Juvenile Diabetes Foundation, and many other worthwhile organizations.

Investment

Finally, Stantec staff came together in a generous outpouring of support for the victims of the events of September 11. A total of 978 employees participated in a Company-wide World Trade Center Donation Plan, which along with a matching corporate donation resulted in contributions to relief efforts through the Canadian and American Red Cross (approximately C$75,000 and US$50,000 respectively).

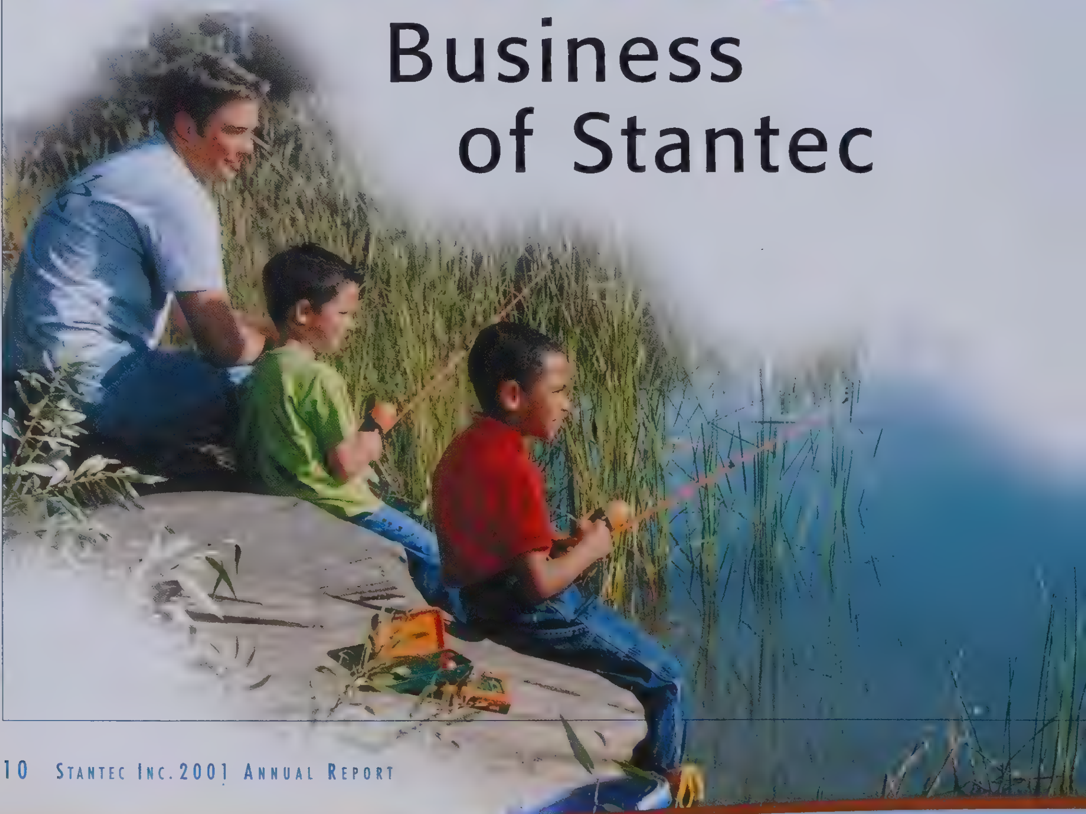
These are only a few examples of the many ways Stantec is involved in communities throughout North America. The Company will continue to encourage initiatives and support non-profit organizations that work to enhance the knowledge, prosperity, health, and quality of life of our communities. We are formalizing our efforts to support endeavors in five areas: youth and education, health, community service, arts, and public/civic affairs.

Aligning these worthwhile endeavors with our own corporate goals and values contributes to building stronger communities for all of us to enjoy—both today and in the future.

Staff from our Charlotte office participated in a water bucket relay to benefit the Water for People program, an initiative that provides potable water and sanitation to communities worldwide. The team finished in first place and also donated funds.

Stantec is a knowledge company. We provide professional consulting services and project and program management in planning, engineering, architecture, interior design, landscape architecture, surveying and geomatics, and project economics. In simple terms, we plan, design, and manage projects in the infrastructure and facilities sector, such as hospitals, roadways, bridges, schools, airports, commercial and residential developments, water treatment plants, and waste management facilities. By combining global experience and skills in management, planning, design, and implementation, Stantec supports clients at every stage, from initial concept and financial feasibility to project completion and beyond. We are focused on listening carefully to our clients to understand their needs and, in so doing, providing total infrastructure solutions for a better world.

Knowledge Business of Stantec



Through both integrated and discipline-specific consulting and project delivery, we work with clients in the public and private sectors in central and western Canada; the southwestern, southeastern, and western United States; and selected international markets. Our hub and spoke organizational structure gives us both the strength, power, and diversity of a large organization and a strong regional presence to deliver our services locally with the personality of a small business. Total infrastructure solutions are targeted to five market segments—Buildings, Environment, Industrial, Transportation, and Urban Land.

In the Buildings area, we provide comprehensive solutions for commercial, industrial, and institutional facilities. Typical projects include hospitals, educational and recreational facilities, research and technology facilities, and office buildings and commercial centers. Services are delivered through three Practice Areas—Architecture/Interior Design, Engineering, and Management Services—and include project/program management, facilities management, strategic planning, architectural design, interior design, and structural, mechanical, and electrical engineering. We have developed specialized expertise in building operating systems, performance engineering, and other services designed to maximize the efficiency of a building's existing systems and improve its operations, including building envelope analysis and evaluation of air quality, lighting, and energy efficiency. In addition, our facilities management consultants offer clients the capabilities to plan, design, monitor, assess, and manage operations and improvements of existing facilities.

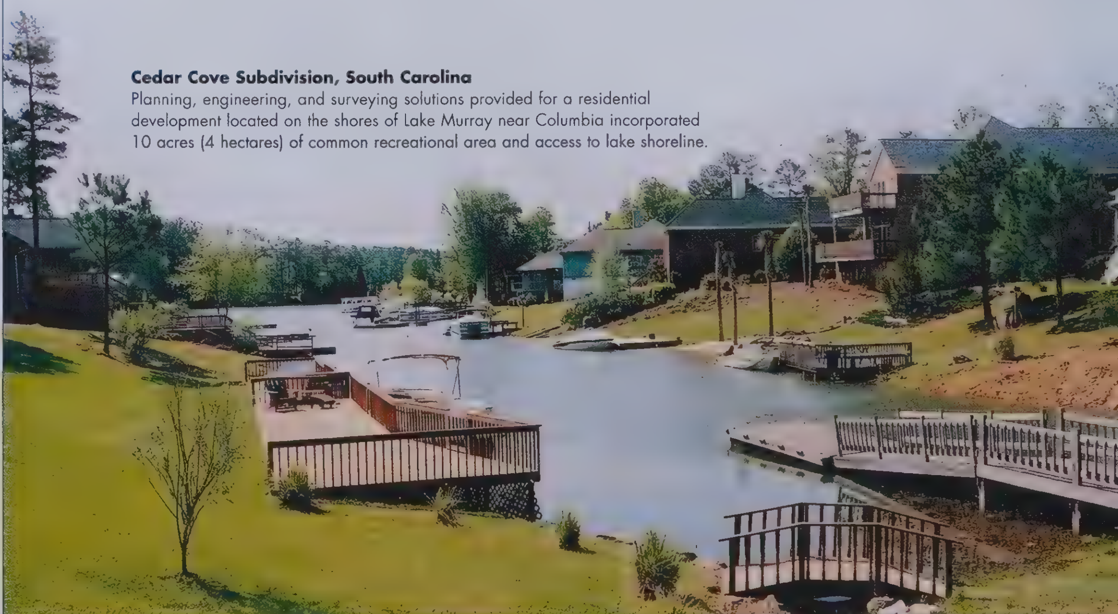
Our organizational structure gives us the power and stability of a large organization with the personality and service attitude of a small business.

Environment focuses on the application of knowledge and technology for the development and management of sustainable solutions for air, water, and soil. Services are focused in four Practice Areas: Water, Wastewater, Water Resources, and Environmental Management/Waste Management (including Environmental Site Management, Groundwater Resource Management, and Environmental Impact Assessment). Our core services include water supply,

distribution, pumping, storage, and treatment; wastewater collection, pumping, management, and treatment; surface water and storm infrastructure for water conveyance, irrigation, and flood control; hazardous waste infrastructure for hazardous waste characterization, collection, transport, and disposal; site assessment, remediation, and permit/approvals; groundwater resource assessment and protection; and ecological, heritage, and monitoring services. In addition, our Practice Areas are supported by specialized expertise in advanced process engineering for water and wastewater solutions using biological nutrient removal (BNR), constant-level sequencing batch reactor (CSBR), and other processes. Stantec's Environment services are provided by multidisciplinary teams of qualified and experienced engineers, scientists, process specialists, occupational hygienists, and specialists in environmental regulation and policy.

Industrial provides professional services in the planning, implementation, and maintenance of value-added processes, facilities, working environments, and utilities—to any point in the supply chain of raw materials, in-process inventory, and finished products—for private sector companies and utilities. Services are concentrated in two Practice Areas: Energy/Resources/Chemicals and Manufacturing. Services include feasibility studies, preliminary planning, conceptual design, engineering, plant start-up, operational support, process control instrumentation, and environment

Cedar Cove Subdivision, South Carolina
Planning, engineering, and surveying solutions provided for a residential development located on the shores of Lake Murray near Columbia incorporated 10 acres (4 hectares) of common recreational area and access to lake shoreline.



Fish and Mussel Survey, Georgia
We provided biological monitoring services for nine bridge improvement projects across Georgia to determine the potential presence of federal and state-listed protected fish and mussel species.

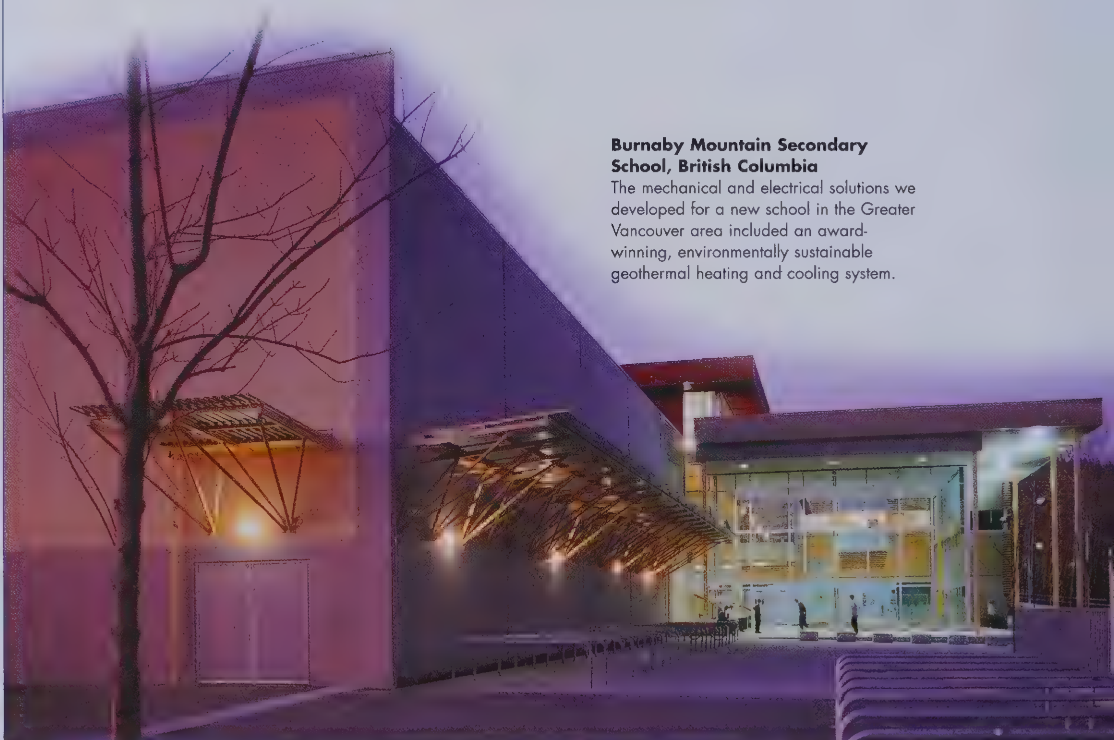
services, including energy conservation consulting. Stantec is also recognized internationally for its Expert Furnace System Optimization Process (Goodfellow EFSOP™) technology—an application designed to optimize combustion and improve environmental emissions from electric arc steel furnaces.

Transportation offers coordinated solutions for the safe and efficient movement of people, vehicles, aircraft, and goods. Services are provided in six Practice Areas: Aviation and Airports; Infrastructure Management; Planning and Operations (including Long-Range Planning, Traffic Operations/Management, and Parking); Rail; Roads and Bridges; and Transit (including Bus and Light Rail Transit). Our core services include project management, planning, and engineering. A key feature of Stantec's Transportation services is our expertise in integrated infrastructure/asset management systems and decision-support tools as well as work management applications for pavement, bridges, right-of-way features, water, wastewater, storm water, utilities, and other assets.

Urban Land provides practical, economical, and creative solutions for the land development and real estate industries. Services are delivered through three Practice Areas: Land Development Engineering, Planning/Landscape Architecture, and Survey/Geomatics. Our Urban Land team assists clients through the entire land development process, from preparation of the initial master plan to provision of services during construction of the infrastructure.

Stantec is a growth company. From our beginning we have maintained a tradition of achieving consistent, profitable growth, evolving from a one-person consulting operation into a multidiscipline planning, engineering, architectural, interior design, landscape architecture, and project management firm offering full-service capabilities through 40 offices and over 3,000 employees. Since our Initial Public Offering in 1994, we have grown our revenue and earnings at an impressive compound annual growth rate of over 20 percent. Our vision is to become one of the top 10 global design firms through a combination of acquisitions and internal growth. We are confident that we can achieve this goal because we have dedicated employees with the ability to execute our proven operating strategy through a sustainable business model that enables us to continue to grow.

Strategy of Stantec



Burnaby Mountain Secondary School, British Columbia
The mechanical and electrical solutions we developed for a new school in the Greater Vancouver area included an award-winning, environmentally sustainable geothermal heating and cooling system.

Little River Pollution Control Plant, Ontario
We applied our expertise in environmental engineering to design an odor control facility for a multiphase sewage capacity expansion of this plant in Windsor.

Stantec's services are delivered through a focused business model that allows us to manage risk while pursuing our objective of continued revenue and earnings growth. Focused on the infrastructure and facilities sector, it is a three-dimensional model that incorporates diversification across geographic regions, market segments, and all phases of the infrastructure lifecycle. The model not only frees us from relying on a single economic source for our business but also enables us to service both the public and private sectors, brings us closer to the client, and allows us to act as a principal consultant from initial project concept to completion.

Geographic Diversification

Currently, our geographic reach includes four regions in North America—Canada West, Canada Central, the US Southwest & West, and the US Southeast—with our fee volume split almost equally between Canada and the United States. We also serve selected international markets, with an office presence in the Caribbean, as well as undertaking specific project assignments with clients around the world. In 2001 we established a platform for

Nortel Networks Westwinds Innovation Centre, Alberta
Stantec was the program manager for this award-winning, 30,658-square metre (330,000-square foot) open-plan office complex—in addition to providing complete planning, architecture, engineering, geomatics, and landscape architecture services.

future growth in the northern California market through an acquisition in Sacramento. In addition, acquisitions in Nevada, Colorado, Saskatchewan, and Barbados fulfilled our commitment to expand and strengthen existing operations throughout the Company. Our plan going forward is to continue with strategic in-filling in all current regions and to extend our reach into additional US regions using our proven hub and spoke approach—establishing a large regional operations hub that serves a distinct geographic area and supports several smaller office spokes. This model permits us to focus on generating sufficient critical mass to become one of the top three firms in the regions we serve.

We see many opportunities for continued growth outside of our existing regions. Our primary focus remains on North America, where the infrastructure and facilities sector serves a population density of 300 million people and the annual market for professional design services currently totals over US$50 billion in fees. At present, Stantec has less than a one percent share of this market. Our strategy for increasing this percentage is to continue to pursue an orderly growth plan that combines internal growth with an acquisitions program focused on acquiring and integrating established firms that offer professional consulting services. Our goal is to achieve a market penetration of

100 employees (or $10 million in revenue) per one million people. We seek companies that are known industry leaders with a reputation for being among the best in their area of expertise and geographic location. We actively target locations for consolidation in which we currently have limited or no market presence, as well as integration of specialty firms in markets in which we already operate.

Market Segment Specialization

Market segment diversification is achieved by focusing on five distinct service segments—Buildings, Environment, Industrial, Transportation, and Urban Land. Through cross-marketing within our regions, specialization in multiple segments enables us to offer diversity and a full complement of services to clients in both the public and private sectors, ensuring that our income is not dependent on any single source. Our core services are delivered through Practice Areas in each market segment, which are supported and enhanced by applied technologies in Water & Wastewater Process Design and Infrastructure Management, skill areas in which we have capabilities that are globally or nationally competitive. The specialized services and technologies offered to clients play an important role in differentiating us from our competitors, allowing us to lever our presence in new regions and markets and establish longer term client relationships. Our objective going forward is to develop

17th Avenue Traffic Reduction, Arizona
We developed design solutions for a traffic calming and pedestrian enhancement initiative in Phoenix that included reduction of travel lanes, installation of a raised crosswalk, and relocation of traffic signals.

additional Practice Areas in the energy, resources, chemicals, and pharmaceuticals service segments, based on opportunities for acquisitions and staff recruitment.

Lifecycle Solutions

Finally, our business model incorporates provision of services in all five phases of the infrastructure lifecycle—planning, design, construction, maintenance, and decommissioning. This diversified approach allows us to supply services both during periods of strong new capital project activity and periods focused on maintenance or rehabilitation. Beginning with the planning and design stages, we provide conceptual and detailed design services, feasibility studies, and plans and specifications. During construction we act as the owners' representative, providing project management services. Finally, we supply ongoing services beyond project completion in facilities and infrastructure management as well as decommissioning solutions for taking facilities out of service. Our strategy going forward is to expand our scope of services in the initial planning stages and during maintenance, enabling us to establish longer term relationships with clients and to strengthen our full "cradle to grave" approach. We also plan to grow the front-end of our business by expanding our project and program management services, as well as strategic services, in order to further position and differentiate Stantec as a value-added service provider.

E. L. Smith Water Treatment Plant, Alberta
Our innovative design solution for water treatment at this urban facility is the largest application of ultraviolet disinfection technology for drinking water in the world to date.

Through the combined resources of our staff, we are able to undertake infrastructure and facilities projects of any size for both public and private sector clients. Currently, the majority of our projects are small to midsized projects with a capital construction value of less than $100 million, which represent the largest share of the infrastructure and facilities market. This focus ensures that we do not rely on one or two megaprojects each year and that no single client or project accounts for more than five percent of our business. In addition, we continue to pursue larger projects with a capital value of more than $100 million, particularly in our more mature regions and market segments, and these projects will increase in number as the Company grows.

There is nothing simple about creating the kind of company that can operate effectively in any business environment while continuing to pursue orderly growth. We are confident we can achieve our vision of becoming one of the top 10 global design firms because we have employees with the passion and commitment to execute our operating strategy. Our employees are our most important competitive asset, and we are committed to their continuing training and development. Our goal is to have among the best-trained, best-informed, best-equipped staff in our industry in order to continually improve our client service delivery. With our employees we stand ready to take advantage of any opportunity that develops in the infrastructure and facilities industry.

Information and Communications Technology Building, Alberta
A spiral staircase was part of the solutions we developed as the prime architect and structural engineer for a new teaching facility—consisting of a seven-story tower flanked by lecture theaters—at the University of Calgary.

Management's Discussion and Analysis

This discussion and analysis of operations and financial position should be read in conjunction with the Company's 2001 consolidated financial statements and related notes, as well as the Message to Shareholders and management discussions contained throughout the 2001 Annual Report.

Don Wilson
Vice President & CFO

Jan Mulligan
Director, Financial Reporting

Dan Lefaivre
Corporate Controller

OVERVIEW

The Company continues to execute its growth plan in pursuit of its goal to rank among the top 10 global design firms. This objective will be achieved through a combination of internal growth and targeted acquisitions.

During 2001 the Company completed six acquisitions. Four supplement existing operations in the US Southwest & West, one enhances our service capability in the Buildings market segment in Canada West, and one establishes a permanent presence in Barbados and strengthens our ability to serve the Caribbean market, where we have operated for over 25 years. These acquisitions, along with the four acquisitions completed in 2000, have contributed to our growth in 2001. We continue to explore opportunities throughout both Canada and the United States. Particular emphasis will be placed on growth in Canada Central and on adding specific services in Canada West in 2002. The focus in the US Southwest & West and US Southeast will be on integrating and aligning the operations of the companies acquired since late 2000, but opportunities in any region will be considered, as long as they contribute to the Company's goals.

KEY OPERATING RESULTS

Stantec provides knowledge-based solutions to infrastructure and facilities projects through value-added professional services and technologies, principally under fee-for-service agreements with clients. In performing its services, the Company incurs certain direct costs for subconsultants, equipment purchases, and other items that are recoverable directly from the client. The amounts of costs directly billed to clients are included in the Company's gross revenue, with the cost of such items deducted from gross revenue to arrive at net revenue. The Company believes that net revenue is a more accurate measure of revenue earned for services provided directly by the Company.

The focus for the Company in 2001 was on maintaining the gross margin and administrative and marketing expenses as a percentage of net revenue while integrating newly acquired firms and growing revenue. The Company was also focused on reducing the effective tax rate and maintaining a healthy working capital position.

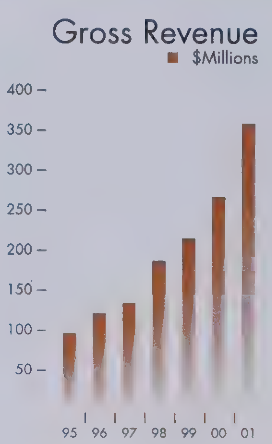
The following table summarizes the Company's key operating results on a percentage of net revenue basis and the percentage increase in the dollar amount of these results from year to year:

	Percentage of Net Revenue			Percentage Increase	
	2001	2000	1999	2001 vs. 2000	2000 vs. 1999
Gross revenue	119.5%	120.0%	124.7%	34.4%	25.3%
Net revenue	100.0%	100.0%	100.0%	35.0%	30.2%
Direct payroll costs	46.5%	47.0%	48.6%	33.8%	25.8%
Gross margin	53.5%	53.0%	51.4%	36.1%	34.4%
Administrative and marketing expenses	40.9%	39.3%	38.6%	40.7%	32.6%
Income before depreciation, interest, loss from associated companies, income taxes, and goodwill charges	12.6%	13.7%	12.8%	23.1%	40.1%
Depreciation on capital assets	2.4%	2.4%	2.4%	31.5%	30.2%
Operating income	10.2%	11.3%	10.4%	21.3%	42.4%
Net interest expense	(0.2%)	(1.1%)	(0.6%)	(75.8%)	128.4%
Share of income (loss) from associated companies	(0.2%)	(0.2%)	0.1%	67.7%	(221.7%)
Income before income taxes and goodwill charges	9.8%	10.0%	9.9%	31.4%	32.0%
Income taxes	4.0%	4.4%	4.5%	23.7%	27.8%
Income before goodwill charges	5.8%	5.6%	5.4%	37.3%	35.5%
Goodwill charges, net of tax recovery	0.6%	0.5%	0.4%	40.4%	96.4%
Net income	5.2%	5.1%	5.0%	37.0%	31.1%

Quarterly Operating Results

(in millions of dollars except per share amounts)	2001				2000			
	Dec 31	Sept 30	Jun 30	Mar 31	Dec 31	Sept 30	Jun 30	Mar 31
Gross revenue	84.6	112.2	87.0	73.1	64.5	84.9	62.7	53.5
Net income	4.2	4.6	3.7	2.9	2.9	3.3	2.8	2.2
EPS – basic	0.50	0.55	0.45	0.35	0.41	0.47	0.39	0.30
EPS – diluted	0.48	0.52	0.43	0.34	0.40	0.45	0.38	0.30

The quarterly earnings per share on a basic and diluted basis are not additive and may not equal the annual earnings per share reported. This is due to the effect of shares issued or repurchased during the year on the weighted average number of shares. Diluted earnings per share on a quarterly and annual basis are also affected by the change in the market price of the Company's shares.



GROSS REVENUE

Gross revenue for 2001 increased to $356.9 million, or 34.4 percent, from $265.6 million in 2000. The effect of the four acquisitions completed in 2000 and the six completed in 2001 accounted for $74.3 million of this increase, with net internal growth of $15.1 million and growth in Design Build revenue of $1.9 million comprising the difference. Gross revenue for 2000 increased $53.7 million, or 25.3 percent, to $265.6 million from $211.9

million in 1999. Acquisitions completed in 1999 and 2000 contributed $46.9 million to this increase, with net internal growth of $11.8 million and a decrease in Design Build revenue ($5.0 million) comprising the difference.

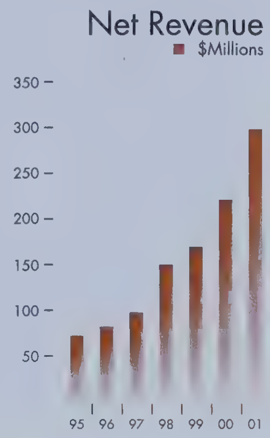
Gross revenue for Q4 2001 increased $20.1 million, or 31.2 percent, to $84.6 million from $64.5 million in Q4 2000. The acquisitions completed in 2000 and 2001 contributed approximately $11.6 million, with net internal growth of $5.3 million and an increase in Design Build revenue of $3.2 million comprising the difference.

Revenue earned in the US during 2001 surpassed the revenue earned in Canada for the first time. Revenue of $175.4 million was earned in the US in 2001, compared to $97.5 million in 2000. This significant increase is due to the full-year inclusion of the revenue generated in the US Southeast region as well as the impact the acquisitions completed in 2001 had on the current year revenue. Revenue generated in Canada in 2001 increased to $170.7 million from $156.4 million in 2000, due mainly to internal growth. We expect the revenue split between Canada and the US in 2002 to remain fairly even, based on acquisitions announced to date. Revenue earned in the International region in 2001 was $10.8 million, compared to $11.7 million in 2000.

NET REVENUE

Net revenue for 2001 increased $77.5 million, or 35.0 percent, to $298.8 million from $221.3 million in 2000. Acquisitions completed in 2001 and 2000 contributed $67.4 million, while internal growth and an increase in Design Build net revenue of $9.4 million and $0.7 million, respectively, comprised the difference. Net revenue in 2000 increased 30.2 percent, or $51.4 million, to $221.3 million from $169.9 million in 1999. Acquisitions contributed $41.3 million, with internal growth contributing $10.4 million. Design Build net revenue decreased in 2000 by $0.3 million.

During Q4 2001 net revenue increased 28.3 percent to $68.1 million from $53.0 million in Q4 2000. Acquisitions accounted for $10.6 million of the increase, with internal growth of



$4.1 million and an increase in Design Build net revenue of $0.4 million comprising the difference.

GROSS MARGIN

Gross margin is calculated as net revenue less direct payroll costs. Direct payroll costs include the cost of salaries and the related fringe benefits for labor hours directly associated with the completion of projects. Labor costs and the related fringe benefits for labor hours not directly associated with the completion of projects are included in administrative and marketing expenses.

Our US operations generally achieve slightly higher gross margins than those of our Canadian operations. The increase in our gross margin to 53.5 percent from the 53.0 percent achieved in 2000 is a result of the increased percentage of revenue generated in the US during 2001.

ADMINISTRATIVE AND MARKETING EXPENSES

Administrative and marketing expenses were $122.3 million in 2001, or 40.9 percent of net revenue, compared to $86.9 million (39.3 percent of net revenue) in 2000. 2000 administrative expenses increased $21.3 million from $65.6 million in 1999 (38.6 percent of net revenue).

Our US operations generally report slightly higher administrative and marketing expenses than those of our Canadian operations. In addition to the impact on these costs of the increased relative magnitude of our US operations in 2001, US operations continued to report significant integration costs. Our administrative and marketing costs continue to be directly affected by the size, number, and location of acquisitions completed during the previous and current year. In 1999 through 2001 many acquisitions were concentrated in the US Southwest & West. These acquisitions, along with the acquisition that resulted in the establishment of the new US Southeast region late in 2000, have contributed to ongoing integration costs.

DEPRECIATION ON CAPITAL ASSETS

Depreciation of $7.1 million was expensed in 2001, compared to $5.4 million in 2000 and $4.1 million in 1999. Depreciation expense, as a percentage of net revenue, has been consistent at 2.4 percent for 1999 through 2001.

NET INTEREST EXPENSE

Net interest expense decreased $1.9 million to $0.6 million in 2001, compared to $2.5 million reported in 2000. Included in net interest expense in 2001 is the effect of foreign currency translation gains of $1.1 million, compared to foreign currency translation losses of $0.2 million in 2000. This increase in foreign currency gains resulted from the decline in the value of the Canadian dollar relative to the US dollar. During the second quarter of 2001, the Company reduced its foreign currency translation exposure by matching levels of US dollar-denominated net assets with US dollar liabilities. As indicated in note 1 to the financial statements, effective January 1, 2002, the Company will be changing the classification of our US-based operations from integrated to self-sustaining operations. This will result in most future exchange gains and losses being deferred and included in a separate component of shareholders' equity. Net interest costs were also impacted in 2001 by short-term interest rates that averaged 1.2 percent less than in 2000.

SHARE OF LOSS FROM ASSOCIATED COMPANIES

The Company's share of loss from associated companies was $0.6 million in 2001, compared to $0.4 million in 2000. One associated company continues to incur Research & Development costs that result in current year losses. As a result of these continued losses, the Company has adjusted its carrying value of this company to the expected net-realizable

Barry Lester
Vice President & COO, Canada West

Orv Shaw
Vice President & COO,
US Southwest & West

value. This has resulted in a charge to income in Q4 2001 of $0.5 million. The Company is actively seeking to divest this investment.

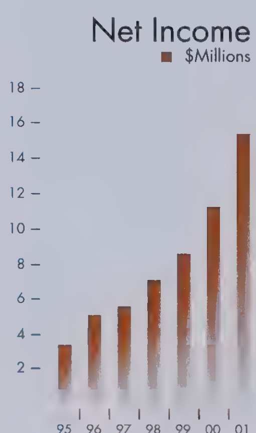
GOODWILL CHARGES, NET OF TAX RECOVERY

Goodwill charges increased to $1.7 million in 2001 from $1.2 million in 2000. The increase is due to additional goodwill amortization related to the acquisition completed late in 2000 and the acquisitions completed to June 30, 2001. In accordance with the recommendations of the Canadian Institute of Chartered Accountants, goodwill acquired after June 30, 2001, has not been amortized, and effective January 1, 2002, goodwill will no longer be amortized.

INCOME TAXES

The effective tax rate in 2001 was 43.7 percent, compared to 46.2 percent in 2000 and 47.0 percent in 1999. The impact of an increase in non-deductible expenses was offset by the effect of non-taxable foreign exchange gains arising on the translation of our US operations. The 2.5 percent decrease in the statutory rates in 2001 results from a 1 percent reduction in the basic federal tax rate and a 1.5 percent reduction in the provincial corporate tax rate.

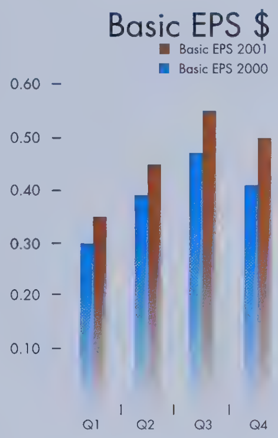
In addition to continued reductions in the Canadian statutory tax rate expected to occur in 2002 through 2004, the Company's effective tax rate will benefit from the elimination of goodwill amortization. The impact in 2001 of non-deductible goodwill charges on the effective tax rate was 2.2 percent. With the change in 2002 to the classification of our US operations as self-sustaining operations, the effective tax rate will also no longer be influenced by the amount of non-taxable translation gains or losses on our US-based operations.



NET INCOME

Net income was $15.4 million in 2001, a 37.0 percent increase from 2000 net income of $11.2 million. 2000 net income increased 31.1 percent from 1999 net income of $8.6 million. As a percentage of net revenue, net income was 5.2 percent, compared to 5.1 percent in 2000 and 5.0 percent in 1999.

Basic earnings per share in 2001 were $1.84, compared to $1.56 in 2000. Diluted earnings per share for 2001 were $1.77 and $1.51 for 2000.



The weighted average number of shares outstanding in 2001 was 8,371,365, compared to 7,187,132. The change in the weighted average number of shares outstanding from 2000 to 2001 results from the shares issued in 2000 under the public offering and the private placement to employees (1,240,035 shares). In addition, the net impact of the exercise of options (205,800 shares) and repurchases by the Company under the Normal Course Issuer Bid (116,800 shares) in 2001 increased the weighted average number of shares outstanding. The actual number of shares outstanding at December 31, 2001, was 8,423,170, compared to 8,334,170 at the end of 2000.

FINANCIAL CONDITION AND LIQUIDITY

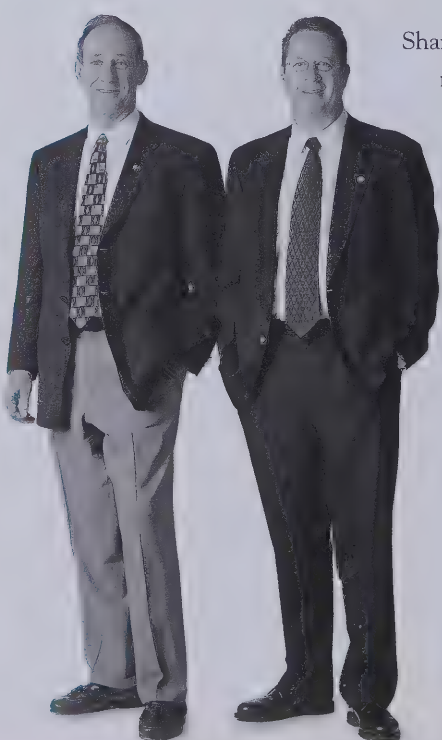
Cash flow from operating activities was $13.4 million in 2001, compared to $39.1 million in 2000 and $6.9 million in 1999. The Company's cash flow from operations is significantly impacted by the Company's total investment in work in progress and accounts receivable. At December 31, 1999, this investment amounted to 130 days of revenue. By December 31, 2000, this had been reduced to 98 days, generating nearly $23.0 million in cash. At December 31, 2001, the total investment was 101 days, or an additional use of $3.0 million. In addition, when The Spink Corporation was acquired in March 2001, it had a working capital deficiency requiring an investment of approximately $3.0 million to eliminate this deficiency.

Cash used in investing activities was $11.4 million in 2001, compared to $38.0 million in 2000. $15.8 million of this difference is due to the lower amount of cash paid out on the acquisitions completed in 2001. The remaining difference relates to the increased investment in capital assets in 2000 on the purchase of the Stantec Towers located in Edmonton. The property had been previously leased from a limited partnership that included officers of the Company and in which the Company had a 25 percent interest. $9.0 million was paid to obtain the remaining 75 percent of the property. Cash used in investing activities in

2000 was $38.0 million, compared to $9.7 million in 1999. This increase arose from the additional $15.2 million employed in acquisitions in 2000 and additional investment in capital assets of $13.1 million as explained above.

Cash flow used in financing activities in 2001 was $12.6 million, as compared to cash flow from financing activities in 2000 of $1.2 million and cash used in 1999 of $2.2 million. In 2000 the Company issued 1,000,000 additional shares under a public offering as well as 240,035 shares to employees under a private placement for net cash proceeds of $17.5 million. This cash inflow was subsequently used to reduce the obligations under the acquisition and operating lines.

The Company maintains an operating line of credit with a major Canadian chartered bank in the amount of $20 million, of which $15.8 million had been utilized at December 2001 ($3.8 million at December 2000). In addition, the Company has a line of credit designated for acquisitions of US$20 million, of which none was utilized at December 2001 or 2000.



Shareholders' equity increased $15.3 million to $107.5 million in 2001 from $92.2 million in 2000, due to the net income earned of $15.4 million and the net impact of the difference between the shares issued and repurchased of $0.1 million. During 2001, 205,800 shares were issued on the exercise of share options for proceeds of $2.2 million, and 116,800 shares were repurchased under the Normal Course Issuer Bid at an average price of $19.63 per share, for an aggregate price of $2.3 million.

Ray Alarie
Vice President & COO, Canada Central

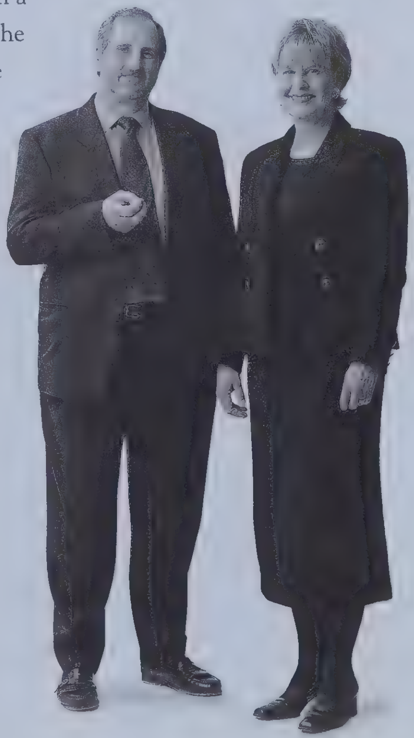
Sam Hayes
Vice President & COO, US Southeast

The Normal Course Issuer Bid was renewed in 2001 and allows the Company to repurchase up to 252,553 shares. The Company continues to believe that, from time to time, the market price of our common shares does not fully reflect the value of our business and our future business prospects and that, at such times, outstanding common shares represent an attractive, appropriate, and desirable use of available Company funds. In 2001 the Company purchased 116,800 common shares at an average price of $19.63 per share, for an aggregate price of $2,293,000. In 2000 the Company purchased 38,100 common shares at an average price of $13.80 per share, for an aggregate price of $525,000.

ACQUISITIONS

The Company completed six acquisitions in 2001 for total consideration of $11.3 million. In 2000 four acquisitions were completed for total consideration of $27.7 million.

In January 2001 the Company acquired the shares of Denver-based Tipton & Kalmbach, Inc., a water resources firm with a 75-year history of high-profile projects in the Rocky Mountain Area. In March 2001 the Company acquired the shares of The Spink Corporation, a Sacramento, California-based multidisciplinary engineering, architectural, and land planning firm. In July 2001 the shares of the ellard croft design group were acquired. This 30-person Regina and Saskatoon, Saskatchewan-based firm provides architectural, planning, and consulting services, mainly in the health care area. In October 2001



Don Hickey
Vice President & Chief Practice Officer

Vi Becker
Vice President, Corporate Resources & Technology

the shares of The Pentacore Family Group of Companies were acquired. Pentacore provides civil engineering, construction administration, landscape architecture, land planning, and surveying and mapping services in Las Vegas, Nevada. In November 2001 the Company acquired the assets of Barbados-based Associated Consulting Engineers Ltd. This acquisition provides a permanent presence in the southern Caribbean. Finally, in December 2001 the Company acquired the assets of the Denver-based firm Taggart Engineering Associates, Inc.

RISK MANAGEMENT

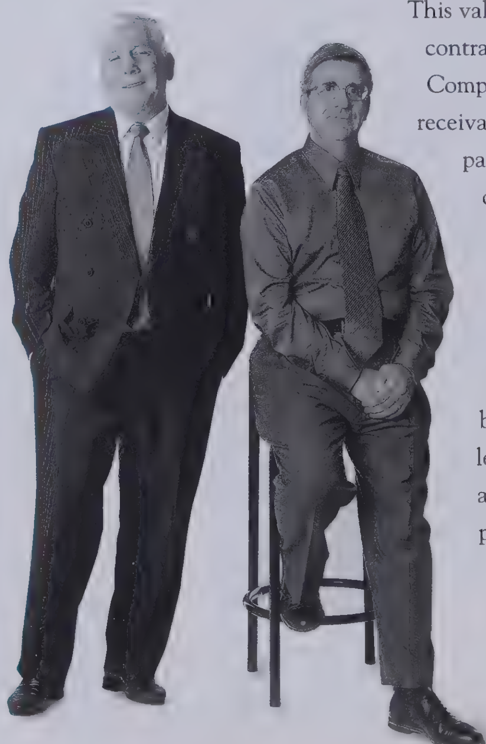
In the normal course of its business, Stantec is exposed to a number of risks that can affect its performance. These risks, and the actions taken to minimize them, are discussed below.

Accounts Receivable

As is common in the professional consulting industry, Stantec carries a high level of accounts receivable on its balance sheet. This value is spread among numerous contracts and clients. Although the Company has not experienced accounts receivable collection problems in the past, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all.

Competition

Some of the contracts entered into by the Company may have a long lead time associated with planning and marketing. The Company protects itself to some extent by



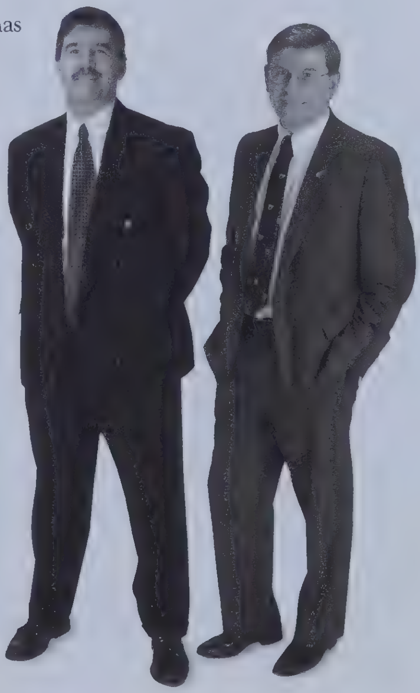
Malcolm Gibbons
Vice President & COO, International

Chris Van Bussel
Senior Vice President, Urban Land

entering into a diverse range of contracts with a wide range of fee amounts. There can be no assurance that, in the future, the Company will not face greater competition from international, national, or regional competitors. The Company is engaged in highly competitive markets in many of its service areas. The Company competes with both large and small firms, although no single firm is dominant in any of the Company's primary service areas. There can be no assurance that these competitive forces would not at some point adversely affect the Company's revenue and results of operations. The Company believes that its operating structure, its technology, and the breadth of its professional services differentiate it from other engineering and professional consulting firms. The Company believes that providing a diverse portfolio of services to clients in various industries and sectors of the economy, both private and public, will minimize its exposure to, or dependency on, any particular industry or economic sector.

Exchange Rate Risk

The Company's operating results are reported in Canadian dollars. A significant portion of the Company's revenue and expenses are generated or incurred in US dollars. The exchange rate between the Canadian and US dollar has varied significantly over the past five years. As operations have increased in the US, the financial statements have been impacted by the net difference between total US dollar revenue and US dollar expenses as well as the net investment in assets denominated in US dollars. To the end of 2001, the Company reduced its exposure to



Mark Jackson
Senior Vice President, Environment

Larry Galajda
Senior Vice President, Industrial

foreign exchange fluctuations impacting the income statement by matching levels of US dollar-denominated net assets with US dollar liabilities. Effective January 1, 2002, as indicated in note 1 to the consolidated financial statements, our US-based operations will be accounted for as self-sustaining operations, which will reduce the impact of foreign exchange fluctuations on the income statement. We will continue to be exposed to exchange rate risk for the US dollar and other foreign currency-denominated revenue and expenses generated in our Canadian operations.

Factors Affecting Operating Results

The Company's operating results are affected by a wide variety of factors that could materially affect revenue and profitability, including the timing and cancellation of client orders and projects, competitive pressures on project prices, availability of staff, market acceptance of the Company's services, and international economic fluctuations. As a result of the foregoing factors, Stantec may experience material fluctuations in future operating results on a quarterly or annual basis that could materially affect its business, financial condition, and operating results.

Foreign Operations

The Company conducts a small portion of its business outside of North America. This work involves political risks, contracts with foreign clients, and working under foreign legal systems.

Human Resources

The Company currently operates primarily in the professional

Carl Clayton
Senior Vice President, Transportation

Jeff Lloyd
Vice President, Corporate Development & Secretary

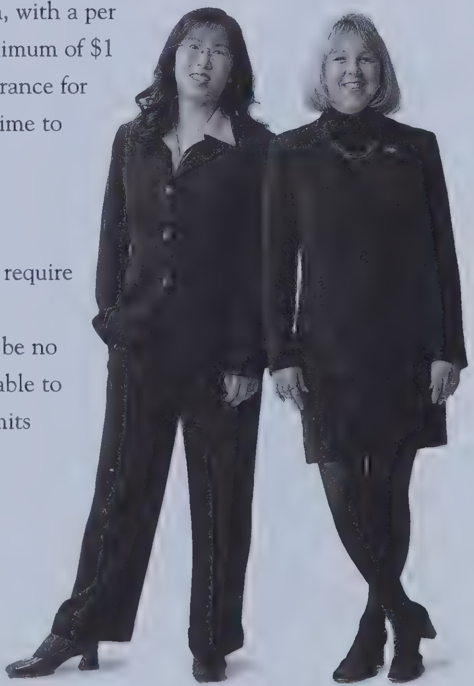
fee-for-service business. The Company depends on its ability to attract, retain, and motivate its management team and other employees. The Company believes that its compensation plans are innovative, flexible, and designed to reward top performance, but there can be no assurance that the Company's current compensation packages will be sufficient to ensure the continued availability of qualified personnel.

Insurance

The Company's operations are subject to the risk of third-party claims in the normal course of its business, some of which may be substantial. Although the Company believes that it has made adequate arrangements for insuring against these risks, there is no assurance that these arrangements will sufficiently finance any particular claim or claims. Moreover, the Company may become subject to liability that cannot be insured against or against which the Company may choose not to insure because of high premium costs or for other reasons. There is no guarantee that adequate or any insurance can be obtained or maintained. The Company currently maintains insurance coverage for its operations, including professional liability insurance. The maximum coverage under its professional liability insurance is generally $25 million per claim and per annum, with a per claim deductible of $50,000 to a maximum of $1 million per year. Project-specific insurance for larger projects is also obtained from time to time.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects.



Grace Ko
Director, Human Resources

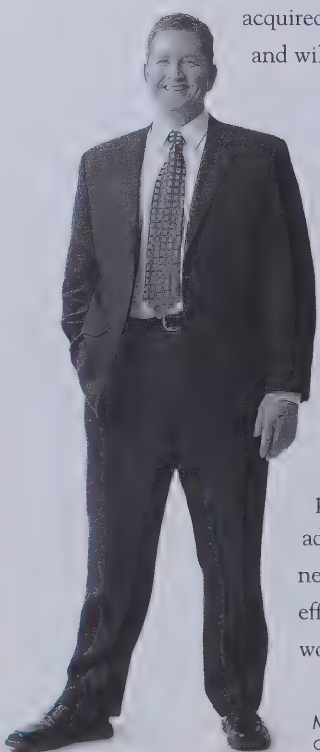
Sandra Thornton
Director, Corporate Communications

Protection of Proprietary Rights in Technologies

The Company relies primarily upon trade secret laws to protect its proprietary rights in its specialized technologies. In addition, there can be no assurance that the protection provided to its proprietary technology by the laws of foreign jurisdictions would be substantially similar to the remedies available to the Company under the laws of Canada and the United States.

FINANCIAL REPORTING

During 2001 both the Canadian Institute of Chartered Accountants and the Financial Standard Accounting Board issued new recommendations related to Business Combinations (Handbook Section 1581) and Goodwill and Other Intangibles (Handbook Section 3062). Section 3062 eliminates the requirement to amortize goodwill and modifies the continuing valuation requirements to ensure that any impairment of goodwill is recognized through the income statement when it becomes apparent that such an impairment exists. Transitional provisions exist for goodwill reported on the balance sheet at June 30, 2001 - amortization continued to December 31, 2001. Goodwill acquired subsequent to June 30, 2001, will not be amortized and will be evaluated under the new valuation criteria.



FUTURE EXPECTATIONS

Although the level of economic activity in much of North America for 2002 remains very uncertain and the timing and magnitude of the recovery from the recent slowdown are unpredictable, the Company expects continued growth. We will continue to diversify our services and increase our depth of expertise by internal growth and by acquisition.

We will focus on maintaining our gross margin as a percentage of net revenue while reducing administrative and marketing expenses as a percentage of net revenue. We expect to see continued reduction in our effective tax rate and a stable level of investment in working capital relative to revenue.

Mark Boucher
Chief Technology Officer

Management Report

The Annual Report, including the consolidated financial statements, is the responsibility of the management of the Company. The consolidated financial statements were prepared by management in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances. The significant accounting policies used are described in note 1 to the consolidated financial statements. Certain amounts in the financial statements are based on estimates and judgments relating to matters not concluded by year-end. The integrity of the information presented in the financial statements is the responsibility of management. Financial information presented elsewhere in this Annual Report has been prepared by management and is consistent with the information in the consolidated financial statements.

Management is responsible for the development and maintenance of systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is accurate, relevant, and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities and for final approval of the annual consolidated financial statements. The Board has appointed an Audit Committee comprising three Directors, none of whom is an officer or employee of the Company or its subsidiaries. The Audit Committee meets at least four times each year to discharge its responsibilities under a written mandate from the Board of Directors. The Audit Committee meets with management and with the external auditors to satisfy itself that they are properly discharging their responsibilities, reviews the consolidated financial statements and the Auditors' Report, and examines other auditing and accounting matters. The Audit Committee has reviewed the audited consolidated financial statements with management, including a discussion of the quality of the accounting principles as applied and significant judgements affecting the Company's consolidated financial statements. The Audit Committee has discussed with the external auditors the external auditors' judgements of the quality of those principles as applied and judgements noted above. The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors of Stantec Inc.

The consolidated financial statements have been examined by the shareholders' auditors, Ernst & Young LLP, Chartered Accountants. The Auditors' Report outlines the nature of their examination and their opinion on the consolidated financial statements of the Company. The external auditors have full and unrestricted access to the Audit Committee, with or without management being present.

Tony Franceschini P.Eng.
President & CEO

Don Wilson CA
Vice President & CFO

Auditors' Report

To the Shareholders of
Stantec Inc.

We have audited the consolidated balance sheets of **Stantec Inc.** as at December 31, 2001 and 2000 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Edmonton, Canada
February 11, 2002

Consolidated Balance Sheets

As at December 31

(in thousands of dollars)	2001 $	2000 $
ASSETS		
Current		
Cash	7,526	6,005
Accounts receivable	73,524	59,791
Work in progress	30,021	22,900
Prepaid expenses	2,436	1,853
Future income tax assets	7,760	3,634
	121,267	94,183
Capital assets [notes 2 and 5]	41,371	36,938
	162,638	131,121
Investment in associated companies	1,766	2,430
Investments – other	2,792	1,929
Goodwill [note 3]	47,365	41,658
Future income tax assets	2,660	2,023
	54,583	48,040
	217,221	179,161
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness [note 4]	14,671	2,579
Accounts payable and accrued liabilities	43,300	37,722
Deferred revenue	12,424	9,400
Income taxes payable	1,466	1,893
Current portion of long-term debt	9,195	9,903
Future income tax liabilities	7,372	7,170
	88,428	68,667
Long-term debt [note 5]	15,652	13,893
Future income tax liabilities	5,680	4,368
	109,760	86,928
Commitments and contingencies [notes 6 and 7]		
Shareholders' equity		
Share capital [note 8]	61,555	60,259
Contributed surplus [note 8]	1,205	1,222
Retained earnings	44,701	30,752
	107,461	92,233
	217,221	179,161

See accompanying notes

On behalf of the Board:

Director

Director

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

Years ended December 31

(in thousands of dollars)	2001 $	2000 $
INCOME		
Gross revenue	356,942	265,568
Less direct expenses	58,170	44,305
Net revenue	298,772	221,263
Direct payroll costs	138,993	103,886
Gross margin	159,779	117,377
Administrative and marketing expenses	122,317	86,943
Income before depreciation, interest, loss from associated companies, income taxes, and goodwill charges	37,462	30,434
Depreciation on capital assets	7,082	5,387
Operating income	30,380	25,047
Net interest expense	(600)	(2,480)
Share of loss from associated companies	(635)	(378)
Income before income taxes and goodwill charges	29,145	22,189
Income taxes [note 9]		
Current	13,902	10,731
Future	(1,814)	(962)
	12,088	9,769
Income before goodwill charges	17,057	12,420
Goodwill charges, net of tax recovery of $145,000 (2000 - $128,000)	1,676	1,194
Net income for the year	15,381	11,226
Retained earnings, beginning of the year	30,752	19,818
Shares repurchased [note 8]	(1,432)	(292)
Retained earnings, end of the year	44,701	30,752
Earnings per share [note 10]		
Income before goodwill charges		
Basic	2.04	1.73
Diluted	1.96	1.67
Net income		
Basic	1.84	1.56
Diluted	1.77	1.51

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

(in thousands of dollars)	2001 $	2000 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from clients	358,558	272,709
Cash paid to suppliers	(126,197)	(73,647)
Cash paid to employees	(203,384)	(148,580)
Interest received	2,594	6,896
Interest paid	(3,890)	(9,750)
Income taxes paid	(14,248)	(8,523)
Cash flows from operating activities	13,433	39,105
CASH FLOWS FROM INVESTING ACTIVITIES		
Business acquisitions, net of bank indebtedness assumed [note 11]	(3,786)	(19,645)
Proceeds on disposition of investments	1,131	279
Purchase of capital assets	(10,688)	(18,894)
Proceeds on disposition of capital assets	1,920	270
Cash flows from investing activities	(11,423)	(37,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(14,537)	(29,085)
Proceeds from long-term borrowings	1,950	13,251
Repurchase of shares for cancellation [note 8]	(2,293)	(525)
Net current tax benefit of share issue costs	159	81
Proceeds from issue of share capital	2,140	17,519
Cash flows from financing activities	(12,581)	1,241
Net increase (decrease) in cash and cash equivalents	(10,571)	2,356
Cash and cash equivalents, beginning of the year	3,426	1,070
Cash and cash equivalents, end of the year	(7,145)	3,426
Cash and cash equivalents consists of		
Cash	7,526	6,005
Bank indebtedness	(14,671)	(2,579)
	(7,145)	3,426

See accompanying notes

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because the precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Basis of consolidation

The consolidated financial statements include the accounts of Stantec Inc. ("the Company") and its subsidiary companies, all of which are wholly owned. The results of operations of subsidiaries acquired during the year are included from their respective dates of acquisition.

Investments in associated companies over which the Company is able to exercise significant influence, but not control, are accounted for using the equity method, which reflects the Company's investment at original cost plus its share of earnings net of dividends received.

Joint ventures are accounted for on the proportionate consolidation basis, which results in the Company recording its pro rata share of the assets, liabilities, revenues, and expenses of each of the joint ventures.

Other investments are recorded at cost.

Foreign currency translation

Financial statements of foreign subsidiaries included in the consolidated financial statements are translated as follows: monetary items at the rate of exchange in effect at the balance sheet date; non-monetary items at historical exchange rates; and revenue and expense items (except depreciation) at the average exchange rate for the year. Any resulting gains or losses are included in income.

Effective January 1, 2002, the foreign currency translation method for financial statements of US-based foreign subsidiaries included in the consolidated financial statements will be changed on a prospective basis. Assets and liabilities will be translated at the rate of exchange in effect at the balance sheet date, and revenue and expense items (including depreciation and amortization) will be translated at the average rate of exchange for the year. On adoption of this policy, an initial cumulative translation adjustment will be recorded as a separate component of shareholders' equity, and exchange gains and losses arising from future translations will be deferred and included in this equity account.

Financial instruments

The carrying values of financial assets and financial liabilities are considered to approximate fair values, except as otherwise disclosed in the financial statements.

Accounts receivable

The Company provides services to diverse clients in various industries and sectors of the economy, and the year-end balance of the accounts receivable is not concentrated in respect of any particular client or industry, economic, or geographic sector.

Revenue recognition and work in progress

Revenue is recognized as income at the time such services are provided using estimated billable amounts, adjusted to actual amounts when the account is rendered. In cases where amounts are billed and costs have not been incurred, revenue is deferred. Work in progress, representing fee revenue which has not been billed, is recorded at estimated billable value.

Capital assets

Depreciation is calculated at annual rates designed to write-off the costs of the assets over their estimated useful lives as follows:

Engineering equipment	20% - 30%	declining balance
Office equipment	20% - 30%	declining balance
Automotive equipment	30%	declining balance
Leasehold improvements		straight-line over term of lease plus one renewal period to a maximum of 15 years
Buildings	4% - 5%	declining balance

Goodwill

Goodwill acquired before July 1, 2001, is recorded at cost and amortized over 25 years on a straight-line basis. Goodwill acquired after June 30, 2001, is recorded at cost and not amortized. The carrying value of the goodwill is reviewed annually by assessing the value of the undiscounted future cash flows. If it is determined that a decline in value is other than temporary, goodwill is written down to the value of its undiscounted future cash flow.

Effective January 1, 2002, the Company will cease to record amortization on all goodwill, pursuant to new recommendations of the Canadian Institute of Chartered Accountants.

Income taxes

The Company uses the liability method to account for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Non-interest bearing debt

Non-interest bearing debt is carried at its present value using discount rates based on bank prime prevailing at the time the debt was issued.

Share option plan

The Company has a share option plan, which is more fully described in note 8. No compensation expense is recognized for this plan when share options are issued to directors, officers, and employees. Any consideration paid on the exercise of stock options is credited to share capital.

Earnings per share

Basic earnings per share is computed based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed using the treasury stock method, which assumes that the cash that would be received on the exercise of options is applied to purchase shares at the average price during the period and that the difference between the shares issued upon exercise of the options and the number of shares obtainable under this computation, on a weighted average basis, is added to the number of shares outstanding. Antidilutive options are not considered in computing diluted earnings per share.

2. CAPITAL ASSETS

(in thousands of dollars)	2001 Cost $	2001 Accumulated depreciation $	2000 Cost $	2000 Accumulated depreciation $
Engineering equipment	19,625	8,428	18,208	8,585
Office equipment	10,667	4,094	11,881	5,568
Automotive equipment	3,505	1,208	3,327	1,323
Leasehold improvements	3,748	757	3,499	1,224
Buildings	17,754	1,410	14,477	880
Land	1,969	–	3,126	–
	57,268	15,897	54,518	17,580
Net book value	41,371		36,938	

3. GOODWILL

(in thousands of dollars)	2001 $	2000 $
Goodwill	51,832	44,304
Accumulated amortization	(4,467)	(2,646)
	47,365	41,658

Goodwill of $6,618,000 was acquired after June 30, 2001, and is not subject to amortization.

4. BANK INDEBTEDNESS

All assets of the Company are held as collateral under a general security agreement for the bank indebtedness.

5. LONG-TERM DEBT

(in thousands of dollars)	2001 $	2000 $
Notes payable	983	1,263
Discount	878	910
Carrying value	105	353
Promissory notes payable	13,059	13,846
Mortgages payable	11,117	9,418
Other	566	179
	24,847	23,796
Less current portion	9,195	9,903
	15,652	13,893

If the non-interest bearing notes payable were discounted at interest rates in effect at December 31, 2001, the fair value of the notes would have been $138,000 (2000 - $428,000). The following summarizes the due dates of each of the non-interest bearing notes, the discount rate applied, and the amount due:

Due Date (in thousands of dollars)	**Discount Rate** %	**Amount** $
October 1, 2010	11.00	50
November 1, 2027	9.75	933
		983

The promissory notes payable bear interest at an average rate of 6.6 percent and are due at various times from 2002 to 2005, with certain of the notes supported by a deed of trust against land. $10,594,000 (2000 - $9,504,000) of the notes are payable in US funds.

The mortgages payable bear interest at 7.67 percent, are due in 2005 and 2006, and are supported by first mortgages against land and buildings.

Other long-term debt bears interest at rates averaging 8.1 percent and are due at various times from 2002 to 2005.

Principal repayments required on long-term debt in each of the next five years and thereafter are as follows:

(in thousands of dollars)		$
	2002	9,195
	2003	4,162
	2004	813
	2005	657
	2006	358
	Thereafter	9,662
		24,847

In 2001 interest of $1,320,000 (2000 - $1,720,000) was incurred on the long-term debt.

At December 31, 2001, the Company has issued letters of credit totaling $835,000. Of this amount, $745,000 supports promissory notes payable given as consideration for acquisitions.

6. COMMITMENTS

Commitments for annual basic premises rent under long-term leases, and equipment and vehicle operating leases, for the next five years are as follows: 2002 - $16,224,000; 2003 - $14,865,000; 2004 - $13,500,000; 2005 - $11,309,000; and 2006 - $10,435,000.

At December 31, 2001, the Company has entered into US dollar-denominated forward contracts totaling $24,000,000 to reduce its exposure to foreign currency translation fluctuations. The contracts expire at various dates in January 2002.

7. CONTINGENCIES

In the normal conduct of operations, various legal claims are pending against the Company alleging, among other things, breaches of contract or negligence in connection with the performance of consulting services. The Company carries professional liability insurance, subject to certain deductibles and policy limits, against such claims. In some cases, parties are seeking damages that substantially exceed the Company's insurance coverage. Based on advice and information provided by legal counsel, and the Company's previous experience with the settlement of similar claims, management believes that the Company has recognized adequate provisions for probable and reasonably estimable liabilities associated with these claims and that their ultimate resolutions will not materially exceed insurance coverages or have a material adverse effect on the consolidated financial position or annual results of operations.

At December 31, 2001, the Company is contingently liable for outstanding letters of credit and guarantee for joint ventures in the amount of approximately $1,250,000 (see note 12).

8. SHARE CAPITAL

Authorized

Unlimited	Common shares
Unlimited	Preferred shares issuable in series

Common shares issued and outstanding

(in thousands of dollars)	2001 # of shares	2001 $	2000 # of shares	2000 $
Balance, beginning of the year	8,334,170	60,259	7,123,985	42,526
Share options exercised	205,800	2,140	8,250	64
Shares repurchased under normal course issuer bid	(116,800)	(844)	(38,100)	(227)
Shares issued under private placement to employees			240,035	3,216
Shares issued under public offering, net of share issue costs			1,000,000	14,680
Balance, end of the year	8,423,170	61,555	8,334,170	60,259

During the year 116,800 Common shares (2000 - 38,100) were repurchased for cancellation, pursuant to a normal course issue bid at a cost of $2,293,000 (2000 - $525,000). $844,000 (2000 - $227,000) and $17,000 (2000 - $6,000) reduced the share capital and contributed surplus accounts respectively, with $1,432,000 (2000 - $292,000) being charged to retained earnings.

Share options

Under the Company's share option plan, options to purchase common shares may be granted by the Board of Directors to directors, officers, and employees. Options are granted at exercise prices equal to or greater than fair market value at the issue date and generally vest evenly over a three-year period. The aggregate number of common shares reserved for issuance and which may be purchased upon the exercise of options granted pursuant to the plan shall not exceed 820,770 common shares.

The Company has granted share options to directors, officers, and employees to purchase 594,250 shares at prices between $6.75 and $15.00 per share. These options expire on dates between March 30, 2004, and April 17, 2007.

	2001		2000	
	Shares #	Weighted Average Exercise Price $	Shares #	Weighted Average Exercise Price $
Share options, beginning of the year	800,050	10.25	789,050	10.13
Granted			19,750	14.00
Exercised	(205,800)	10.40	(8,250)	7.75
Forfeited or canceled			(500)	12.00
Share options, end of the year	594,250	10.19	800,050	10.25

The Company has issued options to directors, officers, and senior management at December 31, 2001, as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices $	Outstanding #	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price $	Exercisable #	Weighted Average Exercise Price $
6.75 - 7.20	266,250	4.7	7.10	266,250	7.10
10.40 - 15.00	328,000	3.4	12.71	308,167	12.69
6.75 - 15.00	594,250	4.0	10.19	574,417	10.10

9. INCOME TAXES

The effective income tax rate in the consolidated statements of income differs from the statutory Canadian tax rates as a result of the following:

	2001 %	2000 %
Income tax expense at statutory Canadian rates	42.1	44.6
Increase (decrease) resulting from:		
Loss from associated companies accounted for on the equity basis	0.9	0.5
Rate differential on foreign income	(1.3)	(0.8)
Non-deductible expenses:		
Meals and entertainment	2.2	1.8
Goodwill amortization	2.2	2.1
Non-taxable foreign income net of non-creditable withholding taxes	(3.1)	(2.6)
Other	0.7	0.6
	43.7	46.2

Significant components of the Company's future tax assets and liabilities are as follows:

(in thousands of dollars)	2001 $	2000 $
Future tax assets		
Differences in timing of deductibility of expenses	7,495	3,478
Loss carryforwards	1,844	1,192
Share issue and other financing costs	417	564
Tax cost of capital assets in excess of carrying value	390	300
Other	274	123
	10,420	5,657

(in thousands of dollars)	2001 $	2000 $
Future tax liabilities		
Cash to accrual adjustments on acquisition of US subsidiaries	3,438	4,588
Differences in timing of taxability of revenues	7,032	5,303
Carrying value of capital assets in excess of tax cost	1,672	1,250
Other	910	397
	13,052	11,538

At December 31, 2001, loss carryforwards of approximately $2,854,000 are available to reduce taxable income of certain Canadian subsidiaries. These losses expire as set out below:

(in thousands of dollars)		$
	2004	849
	2006	196
	2007	326
	2008	1,483
		2,854

In addition, the Company has loss carryforwards of approximately $1,874,000 available to reduce taxable income of certain US subsidiaries that expire at varying times over the next 20 years.

The potential income tax benefits which will result from the application of the Canadian and US tax losses have been recognized in these financial statements.

10. EARNINGS PER SHARE

The number of basic and diluted common shares outstanding, as calculated on a weighted average basis, is as follows:

	2001 #	2000 #
Basic shares outstanding	8,371,365	7,187,132
Share options (dilutive effect of 594,250 options; 2000 - 750,050)	317,958	238,379
Diluted shares outstanding	8,689,323	7,425,511

In 2000 stock options to acquire 50,000 common shares were not included in the calculation of diluted shares, as their exercise prices exceeded the average market share price for the year.

11. BUSINESS ACQUISITIONS

During 2001 the Company acquired the shares and businesses of Tipton & Kalmbach, Inc. (January 5, 2001), The Spink Corporation (March 2, 2001), the ellard croft design group (July 6, 2001), and The Pentacore Family Group of Companies (October 26, 2001) and the net assets and businesses of Associated Consulting Engineers, Ltd. (November 28, 2001) and Taggart Engineering Associates (December 10, 2001). The Company also paid and accrued additional contingent consideration in connection with the D. W. Thomson Consultants Ltd. (1997) and Eckhoff, Watson and Preator Engineering, Inc. (2000) acquisitions and reduced the purchase price on the DS*Atlantic* Corporation and P. R. Fletcher & Associates, Inc. acquisitions (2000), pursuant to price adjustment clauses included in the purchase agreements.

During 2000 the Company acquired the shares and businesses of Eckhoff, Watson and Preator Engineering, Inc. (February 15, 2000), P. R. Fletcher & Associates, Inc. (April 6, 2000), and

DS*Atlantic* Corporation (November 15, 2000) and the net assets and business of EnviroNet Inc. (December 15, 2000).

These acquisitions have been accounted for under the purchase method of accounting, and the results of earnings since the respective dates of acquisition have been included in the consolidated statements of income. Details of the aggregate consideration given and the fair values of net assets acquired are as follows:

(in thousands of dollars)	2001 $	2000 $
Cash consideration	4,727	15,623
Promissory notes	7,466	8,090
Purchase price	12,193	23,713
Assets and liabilities acquired at fair values		
Cash acquired (bank indebtedness assumed)	941	(4,022)
Non-cash working capital	3,895	12,969
Capital assets	1,904	3,996
Investments – other	1,568	1,274
Goodwill	8,217	19,267
Long-term debt	(6,165)	(6,919)
Future income taxes	1,833	(2,852)
Net assets acquired	12,193	23,713

12. JOINT VENTURES

A summary of the assets, liabilities, revenues, expenses, and cash flows included in the consolidated financial statements related to the joint ventures is as follows:

(in thousands of dollars)	2001 $	2000 $
Current assets	3,643	1,031
Current liabilities	3,324	967
Retained earnings	319	64
	3,643	1,031
Gross revenue	5,959	4,208
Direct expenses and payroll costs	5,024	3,718
Administrative and marketing expenses	232	252
Income before income taxes	703	238
Income tax expense	166	–
Net income for the year	537	238
Retained earnings (deficit), beginning of the year	64	(28)
Profit distribution	(282)	(146)
Retained earnings, end of the year	319	64
Cash flows operating activities	719	1,150

13. RELATED PARTY TRANSACTIONS

In 2000 the Company paid rent of $1,166,000 to a limited partnership for its Edmonton premises. The Company was a 25 percent partner in the partnership, and other partners included officers of the Company. During 2000 the limited partnership was dissolved, and the Company acquired a direct 25 percent interest in the property. The Company then acquired the remaining 75 percent interest in the property for $9,024,000 from the ownership group, which included officers of the Company.

These related party transactions were recorded at their exchange amounts.

14. SEGMENTED INFORMATION

Operating segments of the Company are defined as components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Consulting Services business unit is the Chief Executive Officer of the Company.

Reportable Segments

2001 (in thousands of dollars)	Consulting Services $	Other $	Total $
Gross revenue	348,955	7,987	356,942
Depreciation on capital assets	6,172	910	7,082
Operating income	26,539	3,841	30,380
Goodwill charges	1,821	–	1,821
Segment assets	183,454	33,767	217,221
Expenditures for capital assets and goodwill	21,167	1,109	22,276

2000 (in thousands of dollars)	Consulting Services $	Other $	Total $
Gross revenue	258,657	6,911	265,568
Depreciation on capital assets	4,777	610	5,387
Operating income	22,518	2,529	25,047
Goodwill charges	1,322	–	1,322
Segment assets	157,171	21,990	179,161
Expenditures for capital assets and goodwill	40,839	1,318	42,157

Geographic Segments

2001 (in thousands of dollars)	Gross Revenues $	Capital Assets and Goodwill $
Canada	170,743	39,681
United States	175,444	48,456
International	10,755	599
	356,942	88,736

2000 (in thousands of dollars)	Gross Revenues $	Capital Assets and Goodwill $
Canada	156,348	37,152
United States	97,504	41,399
International	11,716	45
	265,568	78,596

15. SUBSEQUENT EVENTS

Subsequent to the year-end, the Company acquired the shares and businesses of Yoneda & Associates Partnership and McCartan Gaudet & Associates Partnership for consideration consisting of cash and promissory notes.

(from left) Tony Franceschini, Ron Triffo, Jack Finn, Robert Bradshaw, Bill Grace, Dutch Bertholf, Steve Lister (not pictured: Bob Flynn)

Board of Directors

Neilson A. "Dutch" Bertholf, Jr.[2]
Phoenix AZ
Retired Aviation Director
City of Phoenix

Robert J. Bradshaw [2]
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Contor Industries Limited

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Corporate Director

Robert E. Flynn [2]
Winnetka IL
Corporate Director

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President & CEO
Stantec Inc.

William D. Grace [1, 2]
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Corporate Director

Stephen D. Lister [1]
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Managing Partner
Imperial Capital Corporation

Ronald P. Triffo
Edmonton AB
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Stantec Inc.

[1] Audit Committee
[2] Corporate Governance & Compensation Committee

Officers

Ronald P. Triffo
Chairman

Anthony P. Franceschini
President & CEO

Donald W. Wilson
Vice President & CFO

Jeffrey S. Lloyd
Vice President & Secretary

Shareholder Information

Transfer Agent
CIBC Mellon Trust Company
Calgary AB

Auditors
Ernst & Young LLP
Chartered Accountants
Edmonton AB

Principal Bank
Canadian Imperial Bank of Commerce

Securities Exchange Listing
Stantec shares are traded on the Toronto Stock Exchange under the symbol STN.

Investor Relations
Stantec Inc.
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Fax: (780) 917-7330
ir@stantec.com

Annual General Meeting
May 2, 2002
11:00 AM
Stantec Centre
10160 - 112 St.
Edmonton AB
Canada

2001 Annual Report

For your convenience this form can also be found online at **www.stantec.com/01arfeedback**

Contact Information

In an effort to keep our database current, we ask you to take a moment to complete and return this reply card.

☐ Please add me on your Mailing List.

Name ______________________________

Address ______________________________

City ____________ Prov/State __________ Postal/ZipCode __________

Tel ____________________ Fax ____________________

Email ______________________________

☐ ***I prefer to receive future Company announcements by email***

Feedback

Please complete the following:

I receive this Annual Report in my capacity as a:

☐ Shareholder*	☐ Financial Analyst
☐ Prospective Shareholder	☐ Institutional Investor
☐ Stantec Employee	☐ Retail Broker
☐ Stantec Client	☐ Media Representative
☐ Business/Industry Peer	☐ Other ____________

Using a scale of 1 to 5 (5=VERY satisfactory, 1=NOT satisfactory) please evaluate the following by circling your choice.

5 4 3 2 1 2001 Highlights	5 4 3 2 1 Design & Layout
5 4 3 2 1 Message to Shareholders	5 4 3 2 1 Volume of Information
5 4 3 2 1 Business of Stantec	5 4 3 2 1 Overall Impression
5 4 3 2 1 MDA	5 4 3 2 1 Other ____________
5 4 3 2 1 Financial Statements	

Do you consider any aspect of this Annual Report to be particularly strong or weak?

____

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We welcome your general comments.

____

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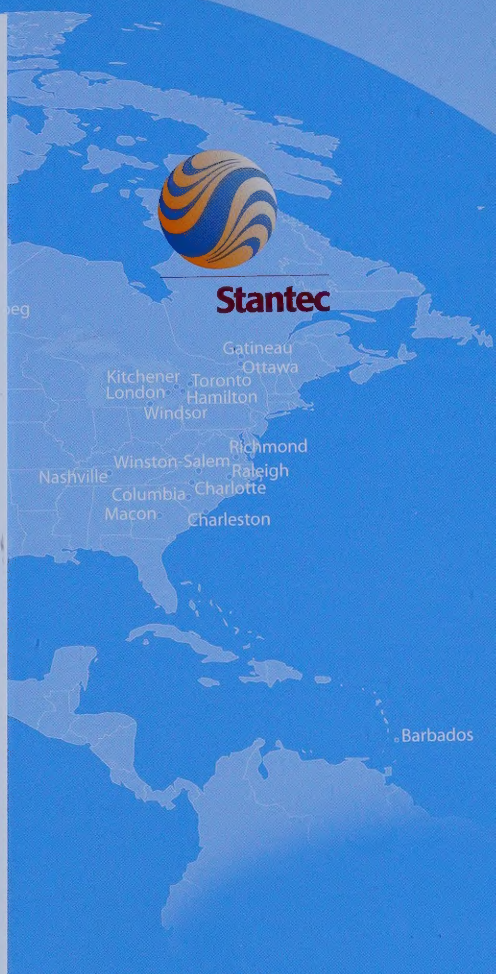
****Non-registered shareholders – Request for Interim Financial Statements***
National Policy Statement No. 41/Shareholder Communication provides non-registered (beneficial) shareholders with the opportunity to elect annually to have their name added to an issuers supplemental mailing list in order to receive interim financial statements of the Company. If you are interested in receiving such statements and additional information, please complete the above form, sign below, and return by pre-paid postage.

Signature *I certify that I am a non-registered (beneficial) shareholder.* Date



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Gatineau QC

(from left) Tony Franceschini, Ron Triffo, J
Dutch Bertholf, Steve Lister (not pictured:

Board of Directors

Neilson A. "Dutch" Bertholf, Jr.[2]
Phoenix AZ
Retired Aviation Director
City of Phoenix

Robert J. Bradshaw[2]
Toronto ON
Chairman
Contor Industries Limited

E. John (Jack) Finn[1]
Madison CT
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Officers

Ronald P. Triffo
Chairman

Anthony P. Franceschini
President & CEO

Donald
Vice Pre

Jeffrey S
Vice Pre

Shareholder Information

Transfer Agent
CIBC Mellon Trust Company
Calgary AB

Auditors
Ernst & Young LLP
Chartered Accountants
Edmonton AB

Principal Bank
Canadian Imperial Bank of
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Red Deer AB
Kamloops BC
Kelowna BC
Surrey BC
Vancouver BC
Victoria BC
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Regina SK
Saskatoon SK

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Kitchener ON
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